

Agricultural Land Sales for Agriculture Industry**FY2002 Request: \$145,000**
Reference No: 6887**AP/AL:** Appropriation**Project Type:** Planning**Category:** Development**Location:** Mat-Su Areawide**Contact:** Robert Wells**Election District:** Matsu Areawide**Contact Phone:** (907)745-7200**Estimated Project Dates:** 07/01/2000 - 06/30/2007**Brief Summary and Statement of Need:**

This funding will provide staff and support services to sell agricultural land in Interior and Southcentral Alaska. In addition to supporting staff, funds will be used for survey, appraisal, subdivision, tract rehabilitation and cleanup, sale activities and sale follow up.

Funding:

| | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 | FY2007 | Total |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| State Land | \$145,000 | \$145,000 | \$145,000 | \$145,000 | \$145,000 | \$145,000 | \$870,000 |
| Total: | \$145,000 | \$145,000 | \$145,000 | \$145,000 | \$145,000 | \$145,000 | \$870,000 |

| | | | |
|---|---|---|--|
| <input type="checkbox"/> State Match Required | <input type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased Project | <input checked="" type="checkbox"/> On-Going Project |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill |

Operating & Maintenance Costs:

| | <u>Amount</u> | <u>Staff</u> |
|----------------------------------|---------------|--------------|
| Total Operating Impact: | 0 | 0 |
| One-Time Startup Costs: | 0 | |
| Additional Estimated Annual O&M: | 0 | 0 |

Prior Funding History / Additional Information:

In November 2000, five of six agricultural parcels offered were sold for \$992,000.

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The Division of Agriculture has had an ongoing land sale program. This needs to continue if Alaska's agricultural sector is to reach its full potential. Sales include the resale of lands that have been returned to the state and will soon include lands that have not been previously sold. It is vitally important to resell previously sold lands quickly as re-growth quickly escalates the costs of re-clearing. On average 10-15 parcels, totaling roughly 3,000 acres, are sold annually. This pace should continue in FY02 and 03. Because the inventory of returned land is being depleted, we need to begin the process of preparing raw land for sale. This will be the bulk of sales beginning in FY04. The first of these raw land sales will likely be in the Tonsina North area. Additional blocks of land are located near Nenana and Delta Junction.

Specific Spending Detail:

71000 - \$95.7
72000 - \$3.8
73000 - \$44.7
74000 - \$.8
Total - \$145.00

Project Benefits:

Allows the agricultural sector to reach a critical mass. Each farm sold and developed generates two direct jobs. Additional indirect jobs are created in those businesses that service the agricultural sector.

Projected Revenue to the State: Each sale generates on average \$500,000 to the state.

Project Support:

Directly supported by farmers, farm organizations and development groups. The general public is supportive of Alaskan farming.

Project Opposition: We are not aware of any opposition.

Does this project leverage other funding for the state?

Allows buyers to access federal funds from the USDA for additional farm development.

Project History:

While the Division of Agriculture has had an ongoing land disposal program for some years, the Land Income Account will be a new funding source. This account was enacted to assist in land disposal projects.

Alternative Approaches/Financing Considered: 100% general funding

Annual Operating and Maintenance Costs:

Ongoing and maintenance costs will remain at a similar pace as long as land sales continue or land is under contract.